

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

<b>In re:</b>  <b>W.R. GRACE &amp; CO., et al.,</b>  <b>Debtors.</b>	<b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b>	<b>Chapter 11</b>  <b>Jointly Administered</b> <b>Case No. 01-01139 (JKF)</b>
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**FEE AUDITOR'S COMBINED FINAL REPORT REGARDING THOSE FEE  
APPLICATIONS WITH *DE MINIMIS* OR NO FEE OR EXPENSE ISSUES  
FOR THE THIRTY-SIXTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding all the Interim Fee Applications of those firms for which we have *de minimis*<sup>1</sup> or no fee or expense issues for the Thirty-Sixth Interim Period (collectively referred to hereafter as the “Applications”).<sup>2</sup>

**BACKGROUND**

1. Anderson Kill & Olick, P.C. (“AKO”), was retained as special insurance counsel to the Official Committee of Asbestos Personal Injury Claimants. AKO seeks approval of fees totaling \$454,788.00 and expenses totaling \$8,691.58 for its services during the Application Period.

2. David T. Austern (“Austern”) was retained as the Legal Representative for Asbestos Personal Injury Future Claimants. Austern seeks approval of fees totaling \$1,100.00 and no expenses for his services during the Application Period.

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<sup>1</sup>For purposes of this report, applications with *de minimis* issues are those for which: (1) our recommended reductions total less than \$100, and (2) the applicant has agreed to our recommended reductions.

<sup>2</sup>The Thirty-Sixth Interim Period encompasses January 1, 2010 through March 31, 2010 (the “Application Period”).

3. Beveridge & Diamond, P.C. (“Beveridge & Diamond”), was retained as special counsel to the Debtors. Beveridge & Diamond seeks approval of fees totaling \$31,595.00 and expenses totaling \$60.22 for its services during the Application Period.

4. Bilzin Sumberg Baena Price & Axelrod LLP (“Bilzin Sumberg”) was retained as counsel to the Official Committee of Asbestos Property Damage Claimants. Bilzin Sumberg seeks approval of fees totaling \$60,780.25 and expenses totaling \$30,220.63 for its services during the Application Period.

5. Blackstone Advisory Services L.P. (“Blackstone”) was retained as financial advisor to the Debtors. Blackstone seeks approval of a flat fee totaling \$325,000.00<sup>3</sup> and expenses totaling \$5,872.21 for its services during the Application Period.

6. BMC Group (“BMC”) was retained as Claims Reconciliation and Solicitation Consultant to the Debtors. BMC seeks approval of fees totaling \$49,321.00 and expenses totaling \$7,968.45 for its services during the Application Period.

7. Campbell & Levine, LLC (“Campbell & Levine”), was retained as Delaware and associated counsel to the Official Committee of Asbestos Personal Injury Claimants. Campbell & Levine seeks approval of fees totaling \$61,680.50 and expenses totaling \$6,976.62 for its services during the Application Period.

8. Capstone Advisory Group, LLC (“Capstone”), was retained as financial advisor to the Official Committee of Unsecured Creditors. Capstone seeks approval of fees totaling \$276,402.00 and expenses totaling \$537.75 for its services during the Application Period.

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<sup>3</sup>For the Application Period, Blackstone lists 390.9 hours worked, which computes to an effective hourly rate of \$831.41.

9. Casner & Edwards, LLP (“Casner”), was retained as special litigation counsel to the Debtors. Casner seeks approval of fees totaling \$34,191.50 and expenses totaling \$40,582.18 for its services during the Application Period.

10. Charter Oak Financial Consultants, LLC (“Charter Oak”), was retained as financial advisor to the Official Committee of Asbestos Personal Injury Claimants. Charter Oak seeks approval of fees totaling \$80,530.00 and expenses totaling \$39.96 for its services during the Application Period.

11. Day Pitney LLP (“Day Pitney”) was retained as special counsel to the Debtors. Day Pitney seeks approval of fees totaling \$14,028.00 and expenses totaling \$221.20 for its services during the Application Period.

12. Duane Morris LLP (“Duane Morris”), was retained as counsel to the Official Committee of Unsecured Creditors. Duane Morris seeks approval of fees totaling \$54,047.50 and expenses totaling \$2,234.02 for its services during the Application Period.

13. Ferry, Joseph & Pearce, P.A. (“Ferry Joseph”), was retained as counsel to the Official Committee of Asbestos Property Damage Claimants. Ferry Joseph seeks approval of fees totaling \$50,734.50 and expenses totaling \$9,397.41 for its services during the Application Period.

14. Foley Hoag LLP (“Foley Hoag”), was retained as special environmental counsel to the Debtors. Foley Hoag seeks approval of fees totaling \$81,048.50 and expenses totaling \$276.40 for its services during the Application Period.

15. Holme Roberts & Owen, LLP (“Holme”), was retained as special environmental counsel to the Debtors. Holme seeks approval of fees totaling \$918.50 and expenses totaling \$806.28 for its services for the period of July 1, 2009 through September 30, 2009 (the “Thirty-

Fourth Interim Period”).

16. Kramer Levin Naftalis & Frankel LLP (“Kramer Levin”) was retained as co-counsel to the Official Committee of Equity Holders. Kramer Levin seeks approval of fees totaling \$47,226.50 and expenses totaling \$2,139.19 for its services during the Application Period.

17. Lauzon Bélanger was retained as Canadian counsel to the Canadian Zonolite Attic Insulation Claimants (“Canadian ZAI Claimants”). Lauzon Bélanger seeks approval of fees totaling CDN \$16,143.45 and expenses totaling CDN \$63,709.37 for its services during the Application Period. Lauzon Bélanger was retained by order of the Court dated March 19, 2010, *nunc pro tunc* to December 21, 2009. This is Lauzon Bélanger’s first fee application as a retained professional in the case.

18. Legal Analysis Systems, Inc. (“LAS”), was retained as asbestos-related bodily injury consultant to the Official Committee of Asbestos Personal Injury Claimants. LAS seeks approval of fees totaling \$4,940.00 and no expenses for its services during the Application Period.

19. Lincoln Partners Advisors LLC (“Lincoln”) was retained as financial advisor to David T. Austern, the Asbestos Personal Injury Future Claimants’ Representative. Lincoln seeks approval of fees totaling \$200,000.00<sup>4</sup> and expenses totaling \$2,769.33 for its services for the period of October 1, 2009 through December 31, 2009 (the “Thirty-Fifth Interim Period”), and fees totaling \$225,000.00<sup>5</sup> and expenses totaling \$571.89 for its services for the current Application Period.

20. Nelson Mullins Riley & Scarborough, LLP (“Nelson Mullins”), was retained as

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<sup>4</sup>For the Thirty-Fifth Interim Period, Lincoln lists 323.8 hours worked, which computes to an effective hourly rate of \$617.66.

<sup>5</sup>For the current Application Period, Lincoln lists 360.8 hours worked, which computes to an effective hourly rate of \$623.61.

special litigation and environmental counsel for the Debtors. Nelson Mullins seeks approval of fees totaling \$864.00 and expenses totaling \$39.33 for its services for the Thirty-Fourth Interim Period.

21. Ogilvy Renault LLP (“Ogilvy Renault”) was retained as special counsel to the Debtors and Debtors-in-Possession in Canada. Ogilvy Renault seeks approval of fees totaling CDN\$187,329.00 and expenses totaling CDN\$3,828.81 for its services during the Application Period.

22. Pachulski Stang Ziehl & Jones LLP (“Pachulski”), was retained as counsel to the Debtors. Pachulski seeks approval of fees totaling \$133,864.50 and expenses totaling \$99,163.68 for its services during the Application Period.

23. PricewaterhouseCoopers LLP (“PwC”) was retained as auditors and tax consultants to the Debtors and Debtors-in-Possession. PwC seeks approval of fees totaling \$1,029,871.17 and expenses totaling \$20,753.76 for its services during the Application Period.

24. Reed Smith LLP (“Reed Smith”) was retained as special asbestos products liability defense counsel to the Debtors. Reed Smith seeks approval of fees totaling \$83,541.50 and expenses totaling \$8,576.90 for its services during the Application Period.

25. Alan B. Rich (“Alan Rich”) was retained as counsel to the Honorable Alexander M. Sanders, Jr., Legal Representative for Future Asbestos-Related Property Damage Claimants. Alan Rich seeks approval of \$54,600.00 in fees and \$2,752.84 in expenses for his services during the Application Period.

26. The Honorable Alexander M. Sanders, Jr. (“Judge Sanders”), was retained as the Legal Representative for Future Asbestos-Related Property Damage Claimants. Judge Sanders seeks approval of fees totaling \$26,685.00 and expenses totaling \$3,022.32 for his services during

the Application Period.

27. Steptoe & Johnson LLP (“Steptoe”) was retained as special tax counsel to the Debtors. Steptoe seeks approval of fees totaling \$5,238.50 and expenses totaling \$50.09 for its services during the Application Period.

28. Stroock & Stroock & Lavan LLP (“Stroock”) was retained as counsel to the Official Committee of Unsecured Creditors. Stroock seeks approval of fees totaling \$290,697.25 and expenses totaling \$5,468.29 for its services during the Application Period.

29. Towers Watson (“Towers Watson”) was retained as actuarial consultant to David T. Austern, Future Claimants Representative. Towers Watson seeks approval of fees totaling \$855.00 and no expenses for its services during the Application Period.<sup>6</sup>

30. Venable LLP (“Venable”) was retained as special litigation counsel to the Debtors. Venable seeks approval of fees totaling \$436,188.75 and expenses totaling \$116,265.17 for its services during the Application Period.

31. Woodcock Washburn LLP (“Woodcock Washburn”) was retained as special litigation counsel to the Debtors. Woodcock Washburn seeks approval of fees totaling \$1,904.00 and expenses totaling \$1,100.00 for its services during the Application Period.

32. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Applications in their entirety, including each of the time and expense entries included in the exhibits to the Applications, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District

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<sup>6</sup>We noted that the fee detail was missing from Towers Watson’s Application. Pursuant to our request, Towers Watson supplied the missing fee detail, which detail we have attached hereto as Response Exhibit “A.”

of Delaware, Amended Effective February 1, 2010, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, Issued January 30, 1996 (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals.

### **DISCUSSION**

33. We have no objections to or issues with, any of the Applications, with the exception of certain *de minimis* issues as explained in the following paragraph and corresponding footnotes.

### **CONCLUSION**

34. In summary, for the Application Period, we recommend approval of the following fees and expenses for these Applicants:

- a. AKO - \$454,788.00 in fees and \$8,691.58 in expenses;
- b. Austern - \$1,100.00 in fees;
- c. Beveridge & Diamond - \$31,595.00 in fees and \$60.22 in expenses;
- d. Bilzin Sumberg - \$60,780.25 in fees and \$30,220.63 in expenses;
- e. Blackstone - \$325,000.00 in fees and \$5,872.21 in expenses;
- f. BMC - \$49,321.00 in fees and \$7,968.45 in expenses.
- g. Campbell & Levine - \$61,680.50 in fees and \$6,976.62 in expenses;
- h. Capstone - \$276,402.00 in fees and \$537.75 in expenses;
- i. Casner - \$34,191.50 in fees and \$40,582.18 in expenses;
- j. Charter Oak - \$80,530.00 in fees and \$39.96 in expenses;
- k. Day Pitney - \$14,028.00 in fees and \$221.20 in expenses;

- l. Duane Morris - \$54,047.50 in fees and \$2,234.02 in expenses;
- m. Ferry Joseph - \$50,734.50 in fees and \$9,397.41 in expenses;
- n. Foley Hoag - \$81,048.50 in fees and \$276.40 in expenses;
- o. Holme - \$918.50 in fees and \$806.28 in expenses (for the Thirty-Fourth Interim Period);
- p. Kramer Levin - \$47,226.50 in fees and \$2,139.19 in expenses;
- q. Lauzon Bélanger - CDN \$16,143.45 in fees and CDN \$63,709.37 in expenses;
- r. LAS - \$4,940.00 in fees;
- s. Lincoln - \$200,000.00 in fees and \$2,769.33 in expenses for the Thirty-Fifth Interim Period, and \$225,000.00 in fees and \$571.89 in expenses for the current Application Period;
- t. Nelson - \$864.00 in fees and \$39.33 in expenses for the Thirty-Fourth Interim Period;
- u. Ogilvy Renault - CDN\$187,329.00 in fees and CDN\$3,828.81 in expenses;
- v. Pachulski - \$133,864.50 in fees and \$99,163.68 in expenses;
- w. PwC - \$1,029,802.58 in fees (\$1,029,871.17 minus \$68.59)<sup>7</sup> and \$20,753.76 in expenses;
- x. Reed Smith - \$83,541.50 in fees and \$8,576.90 in expenses;
- y. Rich - \$54,600.00 in fees and \$2,752.84 in expenses;

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<sup>7</sup>This reflects a recommended reduction of \$68.59 for time entries which PwC agreed should have been billed at a clerical rate.



- z. Sanders - \$26,685.00 in fees and \$3,022.32 in expenses;
- aa. Steptoe - \$5,238.50 in fees and \$50.09 in expenses;
- bb. Stroock - \$290,697.25 in fees and \$5,468.29 in expenses;
- cc. Towers Watson - \$855.00 in fees;
- dd. Venable - \$436,188.75 in fees and \$116,265.17 in expenses; and
- ee. Woodcock - \$1,904.00 in fees and \$1,100.00 in expenses.

Respectfully submitted,

**WARREN H. SMITH & ASSOCIATES, P.C.**


By:   
Warren H. Smith  
Texas State Bar No. 18757050

Republic Center  
325 N. St. Paul Street, Suite 1250  
Dallas, Texas 75201  
214-698-3868  
214-722-0081 (fax)  
whsmith@whsmithlaw.com

**FEE AUDITOR**

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 3<sup>rd</sup> day of September, 2010.

  
Warren H. Smith

## **SERVICE LIST**

### Notice Parties

#### **The Applicants**

Robert Y. Chung  
Anderson Kill & Olick, P.C.  
1251 Avenue of the Americas  
New York, NY 10020-1182

David T. Austern  
Claims Resolution Management Corporation  
3110 Fairview Park Drive, Suite 200  
Falls Church, VA 22042-0683

Pamela D. Marks  
Beveridge & Diamond, P.C.  
201 N. Charles Street, Suite 2210  
Baltimore, MD 21201

Scott L. Baena  
Jay M. Sakalo  
Matthew I. Kramer  
Bilzin Sumberg Baena Price & Axelrod LLP  
2500 Wachovia Financial Center  
200 South Biscayne Boulevard  
Miami, FL 33131-2385

Pamela D. Zilly  
Senior Managing Director  
Blackstone Advisory Services L.P.  
345 Park Avenue  
New York, NY 10154

Myrtle H. John  
BMC Group  
600 1<sup>st</sup> Avenue, Suite 300  
Seattle, Washington 98104

Kathleen Campbell Davis  
Marla Eskin  
Campbell & Levine, LLC  
800 North King Street, Suite 300  
Wilmington, DE 19801

Edwin N. Ordway, Jr.  
Capstone Advisory Group, LLC  
Park 80 West, Plaza I  
Saddle Brook, NJ 07663

Robert A. Murphy  
Casner & Edwards, LLP  
303 Congress Street  
Boston, MA 02210

Bradley Rapp  
Charter Oak Financial Consultants, LLC  
430 Center Avenue  
Mamaroneck, NY 10543

Anthony J. Marchetta  
Day Pitney LLP  
P. O. Box 1945  
Morristown, NJ 07962-1945

Michael R. Lastowski  
Richard W. Riley  
Duane Morris LLP  
1100 North Market Street, Suite 1200  
Wilmington, DE 19801

Michael B. Joseph  
Theodore J. Tacconelli  
Lisa L. Coggins  
Ferry, Joseph & Pearce, P.A.  
824 Market Street, Suite 1000  
P. O. Box 1351  
Wilmington, DE 19899

Adam P. Kahn  
Foley Hoag LLP  
Seaport World Trade Center West  
155 Seaport Boulevard  
Boston, MA 02210-2600

Eric E. Johnson  
Holme Roberts & Owen, LLP  
1700 Lincoln Street, Suite 4100  
Denver, CO 80203

Philip Bentley  
David E. Blabey, Jr.  
Kramer Levin Naftalis & Frankel LLP  
1177 Avenue of the Americas  
New York, NY 10022

Daniel K. Hogan  
THE HOGAN FIRM  
1311 Delaware Avenue  
Wilmington, DE 19806

Mark A. Peterson  
Legal Analysis Systems, Inc.  
970 Calle Arroyo  
Thousand Oaks, CA 91360

Joseph J. Radecki, Jr.  
Lincoln Partners Advisors LLC  
400 Madison Avenue, #21  
New York, NY 10017-8901

Bernard F. Hawkins, Jr.  
Nelson Mullins Riley & Scarborough, LLP  
1320 Main Street, 17<sup>th</sup> Floor  
Columbia, SC 29201

Teresa J. Walsh  
Ogilvy Renault LLP  
200 Bay Street, Suite 3800  
Royal Bank Plaza, South Tower  
Toronto, ON M5J 2Z4

James E. O'Neill  
Laura Davis Jones  
Pachulski Stang Ziehl & Jones, LLP  
919 North Market Street, 17<sup>th</sup> Floor  
P.O. Box 8705  
Wilmington, DE 19899-8705

Kurt F. Gwynne  
Reed Smith LLP  
1201 Market Street, Suite 1500  
Wilmington, DE 19801

James J. Restivo, Jr.  
Lawrence E. Flatley  
Douglas E. Cameron  
Reed Smith LLP  
435 Sixth Avenue  
Pittsburgh, PA 15219

Alan B. Rich  
4244 Renaissance Tower  
1201 Elm Street  
Dallas, TX 75270

Anne E. Moran  
Steptoe & Johnson LLP  
1330 Connecticut Avenue, NW  
Washington, D.C. 20036

Lewis Kruger  
Kenneth Pasquale  
Arlene Krieger  
Stroock & Stroock & Lavan LLP  
180 Maiden Lane  
New York, New York 10038-4982

Jennifer L. Biggs  
Towers Watson  
101 S. Hanley Rd.  
St. Louis, MO 63105

G. Stewart Webb, Jr.  
Darek S. Bushnaq  
VENABLE LLP  
750 E. Pratt Street, Suite 900  
Baltimore, MD 21202

Gary H. Levin  
Woodcock Washburn LLP  
Cira Centre – 12<sup>th</sup> Floor  
2929 Arch Street  
Philadelphia, PA 19104-2891

**The Debtors**

Richard Finke  
Assistant General Counsel  
W.R. Grace & Co.  
7500 Grace Drive  
Columbia, MD 21044

**Counsel for the Debtors**

Deanna Boll  
Holly Bull  
Kirkland & Ellis LLP  
601 Lexington Avenue  
New York, NY 10022

**Counsel to the Official Committee of Personal  
Injury Claimants**

Elihu Inselbuch, Esq.  
Caplin & Drysdale  
375 Park Avenue, 35<sup>th</sup> Floor  
New York, NY 10152-3500

**Counsel to the Official Committee of Equity Holders**

Teresa K. D. Currier  
Saul Ewing LLP  
222 Delaware Avenue  
P.O. Box 1266  
Wilmington, DE 19899

**United States Trustee**

David Klauder  
Office of the United States Trustee  
844 King Street, Suite 2311  
Wilmington, DE 19801